

Message Text

CONFIDENTIAL

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ACTION EA-06

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FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC 2760

C O N F I D E N T I A L JAKARTA 10034

LIMDIS

E.O. 11652: GDS

TAGS: ENRG, EFIN, ID

SUBJECT: PERTAMINA'S LEASED OIL TANKERS

1. DURING CALL ON MINISTERS WIDJOJO AND PRAWIRO JULY 28, I ASKED PRAWIRO, WHO HAD JUST COME FROM A MEETING WITH MINISTER SUMARLIN, HOW NEGOTIATIONS WERE GOING ON PERTAMINA'S TANKER SETTLEMENT. HE SAID NEGOTIATIONS WITH RAPPAPORT WERE NOW NEARING FINAL STAGE AND TWO SIDES WERE "VERY CLOSE" TO AGREEMENT. HE SPECULATED THAT IT MAY BE ONLY A MATTER OF DAYS BEFORE A SETTLEMENT IS ANNOUNCED.

2. PRAWIRO SAID APPELLATE COURT IN SINGAPORE HAD RECENTLY DISMISSED RAPPAPORT SUIT AGAINST GOI AND ORDERED RAPPAPORT TO PAY COURT COSTS. IN LONDON, WHERE KULUKUNDIS HAD BROUGHT SUIT, COURT SAID CASE WOULD NOT BE HEARD UNTIL 1979. PRAWIRO NOTED TIME IS NOW ON GOI'S SIDE AND RAPPAPORT, HE SAID IS BECOMING "VERY REASONABLE." ACCORDING TO PRAWIRO ONCE RAPPAPORT SETTLES, OTHERS WILL QUICKLY FOLLOW.

3. COMMENT: SETTLEMENT OF LONG, DRAWN-OUT TANKER PROBLEM CERTAINLY WOULD BE WELCOME DEVELOPMENT. ISSUE HAS BEEN A MATTER OF ACUTE EMBARRASSMENT TO GOI AND CONSIDERABLE CONCERN TO FINANCIAL COMMUNITY. LATTER CONFIDENTIAL

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CONCERNED NOT ONLY BECAUSE OF MAGNITUDE OF LIABILITY INVOLVED (AT ONE TIME ESTIMATED AT \$3.3 BILLION AND STILL IN EXCESS OF \$2 BILLION) BUT ALSO BECAUSE LAW SUITS RELATING TO TANKER DISPUTE RAISED AWKWARD QUESTION OF TECHNICAL DEFAULT IN INDONESIAN LOANS. AS POSSIBLE LEGAL AMMUNITION FOR USE IN NEW YORK MARTROPICO CASE, GOI HAD SECURED ADDITIONAL AFFIDAVITS FROM IBNU AND

PERTAMINA'S HARYONO IN MAY. TWO STATEMENTS CHARGED
RAPPAPORT WITH CONSPIRACY TO DEFRAUD PERTAMINA VIA USE
OF COUNTERFEIT SEALS, FALSE CLAIMS, BOGUS STATIONERY.
IN LIGHT OF PRAWIRO REMARKS, HOWEVER, IT APPEARS GOI
WILL NOT HAVE TO MAKE USE OF THESE DOCUMENTS.
NEWSOM

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